



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 2/22/2005

GAIN Report Number: SR5001

Serbia

Grain and Feed

Serbia Wheat Update

2005

Approved by:

Hassan F. Ahmed
U.S. Embassy

Prepared by:

Zlatko Jovanovic

Report Highlights:

Area planted to wheat in Serbia for the 2005/06 crop is estimated at 550,000 HA, 14 percent lower than previous year. Due to unfavorable planting conditions and projected yield loss, total production is projected to be about 1.9 Million MT, 35 percent lower than last year's crop. Despite a huge surplus of almost one million ton, Serbian wheat exports in MY 2004/05 have been very slow and total exports are forecast not to exceed 300,000 MT.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Belgrade [YU1]
[SR]

AREA PLANTED AND PRODUCTION

Total area planted to wheat in Serbia for the 2005 crop is estimated at 550,000 HA, about 14 percent lower than the previous year. Planting conditions in fall 2004 were unfavorable due to wet field conditions that delayed the 2004 corn harvest. As a result, about 60 percent of the new wheat crop was planted later than the optimal planting date. It is projected that yield loss due to planting delay could reach 20 percent. However, most of the planted wheat area is currently under favorable weather conditions, with significant snowfalls in late January and early February providing needed protection from recent frosts and should ensure sufficient moisture throughout the growing season.

Serbia's wheat production in 2005/06 is projected to be around 1.9 Million MT, a 35 percent decline from the previous year. More accurate production estimates, however, will eventually depend on the actual average yield, which is mainly a function of weather conditions during the growing season.

PSD Table

Country	Serbia and Montenegro					
Commodity	Wheat					
					(1000 HA)	(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	600	600	630	636	0	550
Beginning Stocks	394	400	108	159	258	670
Production	1400	1360	2200	2758	0	1900
TOTAL Mkt. Yr. Imports	189	135	100	10	0	10
Jul-Jun Imports	189	135	100	10	0	10
Jul-Jun Import U.S.	0	67	0	0	0	0
TOTAL SUPPLY	1983	1895	2408	2927	258	2580
TOTAL Mkt. Yr. Exports	75	25	150	300	0	300
Jul-Jun Exports	75	25	150	300	0	300
Feed Dom. Consumption	0	81	0	350	0	300
TOTAL Dom. Consumption	1800	1711	2000	1957	0	1950
Ending Stocks	108	159	258	670	0	330
TOTAL DISTRIBUTION	1983	1895	2408	2927	0	2580

TRADE**Wheat Imports**

Traditionally, Serbia is a net exporter of wheat. However, in the first half of CY 2004 Serbia faced a significant shortage of wheat following severe drought conditions that resulted in a small 2003/04 crop. In early 2004, the Serbian government approved wheat import licenses for 100, 000 MT. Recent customs data for CY 2004 shows that Serbia wheat imports totaled 102,900 MT, of which 67,200 MT were imported from the United States and 32,700 MT from Russia. Most of Serbia's wheat imports come through Romanian's port of Constanza to Serbia's ports in Belgrade and Backa Palanka on the Danube River. Due to the fact that all Serbian wheat import shipments in 2004 were trans-shipments, US customs data does not show any wheat exports to Serbia in that year. U.S. trade data seems to overestimate U.S. wheat exports to Romania by about 72,000 MT, while Romania's data underestimates wheat imports from the U.S. by a similar amount. We have revised the PS&D data for Serbia-Montenegro to reflect the actual Serbian wheat import situation in 2004. Despite the huge wheat surplus in MY 2005, it is possible that Serbia could import small quantities of high quality wheat for blending to improve quality specifications of the local crop.

Import Trade Matrix

Country	Serbia and Montenegro		
Commodity	Wheat		
Time Period	Jan-Dec	Units:	MT
Imports for:	2004		2005
U.S.	67275	U.S.	
Others		Others	
Russia	32687		
Canada	3077		
Total for Others	35764		0
Others not Listed	22		
Grand Total	103061		0

Wheat Exports

Serbia' wheat surplus in MY 2004/05 is estimated at about one million ton. During the period July – January, total wheat exports were estimated at 130,000 Mt, going mostly to Balkan countries, with Bosnia and Herzegovina, Albania and Croatia topping the list. There were also some small shipments of Serbian wheat that went to Italy. The Serbian wheat crop is reported to have low baking quality. This, together with high wheat prices in local markets, has significantly slowed down wheat exports to a halt. One of the reasons for the relatively high local prices is that farmers in central Serbia have been holding large quantities of their wheat stocks speculating for higher prices. However, with the approaching spring season and increased need for cash to finance fieldworks, farmers may have to sell their stocks at much

lower prices. This could help accelerate Serbia's wheat exports for the coming months. Market analysts, however, do not foresee Serbian wheat exports to exceed 300,000 MT.

Wheat prices in local markets during the first half of February averaged about \$140 per MT at the farm-gate.

Export Trade Matrix

Country	Serbia and Montenegro		
Commodity	Wheat		
Time Period	Jan-Dec	Units:	MT
Exports for:	2004		2005
U.S.		U.S.	
Others		Others	
Bosnia and Herzegovina	89128		
Albania	17352		
Italy	12439		
Greece	3589		
Netherlands	2050		
Macedonia	1406		
Croatia	4143		
Total for Others	130107		0
Others not Listed	1210		
Grand Total	131317		0

Prices Table

Country	Serbia and Montenegro		
Commodity	Wheat		
Prices in	US\$	per uom	MT
Year	2004	2005	% Change
Jan	255	136	-47%
Feb	280	141	-50%
Mar	264		-100%
Apr	249		-100%
May	210		-100%
Jun	202		-100%
Jul	109		-100%
Aug	106		-100%
Sep	107		-100%
Oct	107		-100%
Nov	109		-100%
Dec	119		-100%
Exchange Rate	62.77	Local Currency/US \$	
Date of Quote	2/9/2005	MM/DD/YYYY	